

**Rubber Day Germany** staged under the motto  
"Innovations for modern mobility"

### **LANXESS well equipped for the imminent boom in demand for "green tires"**

- **Premium supplier of high-performance rubbers**
- **Q3 2011 expected to exceed Q3 2010**
- **Bio-based EPDM rubber to be produced this year**

**Dusseldorf** – Specialty chemicals company LANXESS expects a boost in demand for high-performance rubbers due to the European Union tire labeling legislation that comes into effect in 2012.

"In order to meet the new legislation and the expected customer demand, our high-tech materials are essential. As the world's largest partner for the tire industry, we have adapted to the trend on time. We have made the right strategic investment decisions and have strengthened our capacities," said the Chairman of the Board of Management of LANXESS, Axel C. Heitmann, at today's "Rubber Day Germany" in Dusseldorf. The event is being staged under the motto "Innovations for modern mobility" and is being attended by 250 participants.

Because of the ongoing strong demand for synthetic rubbers, also used in winter tires, the LANXESS CEO confirmed the Group's earnings forecast for the full-year 2011 at the beginning of the event. "As announced, we will increase our EBITDA pre exceptionals by roughly 20 percent. The third quarter is going very well and will be better than the third quarter of last year," said Heitmann.

The trend towards mobility is supported by internal market studies: According to the latest forecasts, around 2 billion tires will leave the manufacturer's production lines by 2015 compared with around 1.6 billion at present. This is an increase of some 25 percent for the tire industry.

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Because of the European Union tire labeling initiative, the market share of "green tires" made of high-performance rubber will increase from its present 35 percent to around 50 percent of the overall tire market.

LANXESS is meeting these challenges. In 2010 alone, expenditures for research and development increased by 15 percent. In 2011, research expenses are being raised by a further 15 percent to about EUR 130 million. Of this amount, some 80 percent is being invested in the company's German sites. Since the beginning of this year, an additional 180 employees have been employed to work in research and development activities, increasing the total number to 700 worldwide.

### **Compulsory labeling for "green tires"**

The Group has considerably expanded its product portfolio for the rubber industry. This should allow tire manufacturers to achieve, for example, the tire properties specified by the European Union from November 2012 under the pan-European labeling regulations. The tire manufacturers are already taking action and are promoting summer and winter tires that are geared towards the new standards. An integral component of the "green tires" are the newly developed high-tech materials from LANXESS.

But it is not only in Europe that compulsory labeling for tires is on the agenda. In South Korea, too, there are plans to introduce compulsory labeling based on the EU-model in 2012. In Japan, a voluntary obligation by the industry to label tires has existed since 2010, and regulations of this kind are currently under discussion in the United States and Brazil. China is yet another country, where tire labeling is the subject of debate.

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### **Expansion of production capacities**

LANXESS has significantly increased its production capacities for high-performance rubber at its sites in Dormagen in Germany, Cabo in Brazil and Port Jérôme in France. The company is also planning a new plant for high-tech rubber in Singapore. The new facility, which is scheduled to go on stream in 2015 at a cost of around EUR 200 million, is the second-largest project of this kind since the company was founded.

### **Green raw materials for high-performance rubber**

A first step towards by LANXESS to use renewable raw materials for the production of high-performance rubber has come with the shareholding in the U.S. biochemical company Gevo based in Colorado. The two companies are jointly working on tapping a new source of raw materials for the production of butyl rubber. Major progress has already been made in the production of isobutene from renewable raw materials. Gevo's CEO Patrick Gruber presented an overview of the technical progress achieved so far at the Rubber Day.

By the end of the year, LANXESS will be producing the world's first bio-based EPDM rubber in Brazil. EPDM is normally produced with the two raw materials ethylene and propylene, which are based on crude oil. As an alternative, LANXESS plans to use ethylene produced entirely from the renewable raw material sugar cane. In this process, ethanol is obtained by means of dehydration from Brazilian sugar cane. The company Braskem S.A. will supply the existing LANXESS EPDM plant in Triunfo, Brazil, with the ethylene by pipeline.

### **Less CO<sub>2</sub> through lightweight construction**

In addition to "green tires", the consistent deployment of lightweight car design also helps to cut fuel consumption and CO<sub>2</sub> emissions.

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What is needed, above all, are particularly intelligent material concepts based on lightweight plastics. Currently in Europe, plastics parts account for around 15 percent of a vehicle's weight. Primarily because of the trend towards electric cars, LANXESS expects this figure to rise to 25 percent in the near future. After all, the heavy weight of the drive batteries must be compensated for elsewhere in the vehicle to ensure that it has a sufficient range.

In such applications, the plastic-metal composite technology invented by LANXESS based on metal and Durethan polyamide will be instrumental in keeping weight down. Compared with all-steel components, hybrid parts of this kind are normally 20–30 percent lighter with comparable performance. In the meantime, over 30 million of these lightweight, highly load-resistant parts have been manufactured from sheet steel and various grades of LANXESS' Durethan polyamide for more than 100 models of car.

With "Rubber Day Germany", LANXESS is continuing the program of events it began in 2009. The conference in Dusseldorf is the first of this year's program of Rubber Days, which will continue in Japan, South Korea and China in the fall. Additionally, LANXESS is staging an "Automotive Day" in Brazil at the beginning of October to discuss the topic "mobility" with politicians, automotive industry representatives and suppliers, as well as scientists.

LANXESS is a leading specialty chemicals company with sales of EUR 7.1 billion in 2010 and currently around 15,800 employees in 30 countries. The company is at present represented at 46 production sites worldwide. The core business of LANXESS is the development, manufacturing and marketing of plastics, rubber, intermediates and specialty chemicals. LANXESS is a member of the leading sustainable indices Dow Jones Sustainability Index (DJSI) World and FTSE4Good.

Leverkusen, September 21, 2011  
eic (2011-00181e)

### **Forward-Looking Statements.**

This news release may contain forward-looking statements based on current assumptions and forecasts made by LANXESS AG management. Various known and

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## News Release

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### Information for editors:

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You can find further information concerning LANXESS chemistry in our WebMagazine at <http://webmagazine.lanxess.com>.

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